

Message Text

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ORIGIN PM-05

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DRAFTED BY PM/SAS:COCECIL:RG
APPROVED BY PM/SAS:ASKOCHANЕК
AF/W - MR. SVENDSEN (SUBS)
TREASURY - MR. CROSSWHITE
OMB - MS. SCHLUETER (INFO)
ACDA - MR. DUTER (INFO)
T - MR. MARSCH (INFO)
-----056682 272029Z /75

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FM SECSTATE WASHDC
TO AMEMBASSY MONROVIA PRIORITY
INFO SECDEF WASHDC 0602
USCINCEUR VAIHINGEN GER
DOD.DSAA
TREASURY DEPARTMENT WASHDC 0435

C O N F I D E N T I A L STATE 163321

E.O. 11652: GDS

TA MASS, LI

SUBJECT: LIBERIA - FY 1978 FOREIGN MILITARY SALES (FMS)
LOAN AGREEMENT

1. UNDER SECRETARY BENSON HAS AUTHORIZED RELEASE OF \$500,000 IN FY 1978 FMS FINANCING FOR LIBERIA. FINANCING IS PROVIDED FOR INDIVIDUAL FIELD GEAR M16A1 RIFLES PLUS AMMUNITION AND SUPPORT, M203 GRENADE LAUNCHERS, AMBULANCES AND 2-1/2 TON TRUCKS PLUS SPARES, AND ONE LIGHT CESSNA RECONNAISSANCE AIRCRAFT PLUS SPARES. ANY SIGNIFICANT CHANGE IN THIS PROPOSED LIST OF ACQUISITIONS SHOULD BE CONFIDENTIAL

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SUBMITTED TO DEPARTMENT FOR APPROVAL.

2. PROCEDURES AND TERMS OF LOAN AGREEMENT. (LIBERIAN EMBASSY HAS BEEN GIVEN COPY OF LOAN AGREEMENT AND HAS BEEN INFORMED OF THE FOLLOWING, BUT YOU MAY WISH TO INFORM LOCAL AUTHORITIES.) LOAN AGREEMENT FOR \$500,000 IS BEING PREPARED BY FEDERAL FINANCING BANK (FFB). TERMS

OF LOAN CALL FOR PRINCIPAL TO BE REPAID IN TEN APPROXIMATELY EQUAL SEMI-ANNUAL PAYMENTS COMMENCING DECEMBER 31, 1979, WITH INTEREST PAYMENTS DUE SEMI-ANNUALLY BEGINNING DECEMBER 31, 1978. DISBURSEMENT PERIOD WILL END TWENTY-FOUR MONTHS AFTER SIGNATURE OF LOAN AGREEMENT (WHICH MUST TAKE PLACE BEFORE SEPTEMBER 30). DEPARTMENT OF DEFENSE WILL GUARANTEE LOAN, FOR WHICH GOL WILL PAY GUARANTY FEE OF \$1,250 FROM ITS OWN RESOURCES. OTHER TERMS OF LOAN FOLLOW STANDARD FFB LOAN AGREEMENT.

3. AT TIME OF SIGNATURE OF LOAN AGREEMENT IN WASHINGTON, GOL REPRESENTATIVE MUST PROVIDE FOLLOWING:

A. GUARANTY FEE OF \$1250 IN FORM OF CHECK FOR THAT AMOUNT MADE PAYABLE TO "TREASURY OF THE UNITED STATES".

B. COPY OF AUTHORIZATION BY GOL TO ITS REPRESENTATIVE TO SIGN LOAN AGREEMENT. IN ADDITION, BEFORE FUNDS MAY BE DISBURSED, SIMILAR WRITTEN AUTHORIZATION(S) ARE REQUIRED FOR PERSON(S) TO SIGN ON BEHALF OF LIBERIA (1) PROMISSORY NOTE AND (2) OTHER DOCUMENTS CONTEMPLATED BY LOAN AGREEMENT SUCH AS REQUESTS FOR ADVANCES OF FUNDS.

4. REQUIRED AUTHORIZATIONS MAY BE PROVIDED IN SINGLE DOCUMENT OR IN SEPARATE DOCUMENTS. THEY MAY BE IN ANY WRITTEN FORM, INCLUDING CABLED INSTRUCTIONS TO GOL
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WASHINGTON EMBASSY.

5. FYI, WE ARE STUDYING THE POSSIBILITY OF ADDITIONAL FMS FINANCING FOR LIBERIA BUT HAVE NOT BEEN ABLE TO IDENTIFY ANY SOURCE FROM WHICH ADDITIONAL FY 78 FMS FINANCING COULD BE REALLOCATED. UNTIL THE CONGRESS ACTS ON OUR FY 79 SECURITY ASSISTANCE REQUEST, WE CANNOT CONSIDER THE QUESTION OF REALLOCATION OF 79 FUNDS, BUT WE WILL CONTINUE TO REMAIN ALERT FOR ANY SUCH POSSIBILITY. SIGNING THE PRESENT FY 78 LOAN AGREEMENT DOES NOT IMPLY THAT WE HAVE GIVEN UP ON THIS QUESTION, END FYI.
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